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Northern Graphite Files Preliminary Prospectus for IPO

September 10, 2010 – Northern Graphite Corporation (“Northern” or the “Company”) announces that it has filed a preliminary prospectus with the securities regulatory authorities in the provinces of Ontario, British Columbia and Alberta in connection with a proposed initial public offering (“IPO”) of the Company’s common shares.

The proposed IPO will consist of a minimum of 2,000,000 and a maximum of 6,000,000 common shares at a price of \$0.50, and is being made on a best efforts basis through Union Securities Ltd. as the Company’s exclusive agent. In connection with the IPO, the Company has applied to list its common shares on the TSX Venture Exchange. Listing on the TSX Venture Exchange is subject to the Company fulfilling all of the listing requirements of the Exchange, including distribution and financial requirements.

As part of the IPO and listing process, the Board of Directors of the Company has been reorganized to consist of Gregory Bowes, CEO of the Company, Ron Little, CEO of Orezone Gold Corporation, Jay Chmelauskas, President of Western Lithium Corp., Iain Scarr, VP-Development, Lithium One Inc., K. Sethu Raman Ph.D, Independent Mining Consultant and Donald Christie, CA, Partner, Alexander Capital Group Inc.

Northern is currently a 51% owned subsidiary of Industrial Minerals Inc. (IDSM:OTC-BB).

Gregory Bowes, CEO of Northern, stated that “The proceeds of the IPO will enable the Company to continue advancing the Bissett Creek project toward a construction decision in 2011. The proceeds will be used to complete ongoing infill and expansion drilling, metallurgical testing and a pre-feasibility study by the end of 2010, as well as for general corporate purposes. The environmental and mine permitting process is also underway and will be completed later in 2011.”

Graphite prices have more than doubled in the past couple years due to the ongoing modernization of China, India and other emerging economies which has resulted in strong demand from traditional uses in the steel and automotive industries. In addition, new applications such as lithium ion batteries, fuel cells and nuclear and solar power have the potential to create significant incremental demand growth. There is over 20 times more graphite in a lithium ion battery than there is lithium. China, which produces 80% of the world’s graphite, is seeing production and export growth leveling off and export taxes and a licensing system have been instituted. With limited worldwide exploration and few potential development projects on the horizon, the Company is well positioned to benefit from the continued improvement in graphite demand and prices. High growth, high value graphite applications require large flake and/or high purity graphite which will represent 100% of Bissett Creek production.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any U.S. state securities laws



and may not be offered or sold in the United States or to U.S. persons except in compliance with the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws or pursuant to an exemption therefrom.

A copy of the preliminary prospectus will be available on SEDAR at www.sedar.com. The preliminary prospectus is still subject to completion or amendment. There will not be any sale or acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.

For additional information, please contact:

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